GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1814
ANSWERED ON:25.11.2016
Agricultural Loan
Kumar Dr. Virendra ;Majhi Shri Balabhadra;Nete Shri Ashok Mahadeorao;Pandula Dr. Ravindra Babu ;Patil Shri A.T. (Nana);Patil Shri Kapil Moreshwar;Swami Maharaj Dr. Sakshi;Verma Smt. Rekha Arun

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has issued guidelines for relief measures including interest free agricultural loan to farmers affected by drought, flood and other kind of natural calamities and if so, the details thereof;

(b) whether the Government has fixed any target/norms for Public Sector Banks (PSBs) to provide interest free/subsidy on agricultural loans to the farmers;

(c) if so, the details along with the details of loans disbursed/interest rate charged by the banks to the farmers along with the outstanding agricultural loans against farmers during the last three years and the current year, bank and State/UT-wise;

(d) the number of farmers who have failed to pay back loans taken from banks during the said period only, State/UT-wise;

(e) whether the Government has any scheme to reschedule farmers loan by the bank and if so, the details thereof, State/ UT-wise; and

(f) the corrective steps taken/being taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance

(a) to (e): Reserve Bank of India (RBI) has issued directions for relief measures to be provided by respective lending institutions in areas affected by natural calamities which, inter alia, include, restructuring/rescheduling of existing crop loans and term loans, extending fresh loans, relaxed security and margin norms, moratorium, etc. These directions have been so designed that the moment calamity is declared by the concerned District Authorities they are automatically set in motion without any intervention, thus saving precious time.
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As per RBI's directions for relief measures to be provided by banks in areas affected by natural calamities, all short term crop loans which are not overdue at the time of occurrence of natural calamity can be rescheduled. The principal amount as well as the interest due for repayment in the year of occurrence of natural calamity may be converted into term loan. Further, as per these directions, the existing term loan instalments can be rescheduled keeping in view the repaying capacity of the borrowers and the nature of natural calamity.
Interest rates on loans have been deregulated by Reserve Bank of India (RBI) and they are now linked to the Base Rate fixed by the banks. However, with a view to ensuring availability of short term agriculture credit at a reduced interest rate of 7% p.a. to farmers, Government of India implements an Interest Subvention Scheme for short term crop loans up to Rs.3.00 lakh through Public Sector Banks (PSBs), Private Sector Commercial Banks, Cooperative Banks and Regional Rural Banks. Under the said scheme, additional subvention of 3% is given to those farmers who repay their short term crop loan in time, thereby reducing the effective rate of interest to 4% p.a. for such farmers.
Under the extant Interest Subvention Scheme of the Government, in order to provide relief to the farmers on occurrence of natural calamities, the interest subvention of 2% will continue to be available to banks for the first year on the restructured amount and such restructured loans may attract normal rate of interest from the second year onwards as per the policy laid down by RBI.
The Bank-wise and State/UT-wise details of disbursed/outstanding agricultural loans in respect of Scheduled Commercial Banks including PSBs, as reported by RBI, for the last three years and current year are given in Annex-I to VI. Data regarding farmers who have failed to pay back loans taken from banks/institutions is not maintained by RBI/National Bank for Agriculture & Rural Development (NABARD).
(f): Some of the other major steps taken by Government/RBI/NABARD to ensure hassle-free agriculture credit and mitigate the hardships faced by the farmers are as under:
â€¢ The Priority Sector Lending (PSL) directions of RBI mandate all Domestic Scheduled Commercial Banks to earmark 18% of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure (OBE), whichever is higher, as on the corresponding date of the previous year, for lending to Agriculture including loans to farmers. Further, a sub-target of 8% for small and marginal farmers has also been fixed.

â€¢ Loan to distressed farmers indebted to non-institutional lenders is an eligible category of farm credit under the Priority Sector Lending (PSL) directions issued by RBI. This is intended to provide hassle-free institutional credit to farmers for repaying their debt to moneylenders.

â€¢ "Pradhan Mantri Fasal Bima Yojana" was launched on 1 April, 2016 to benefit the farmers. Under the scheme, uniform premium of 2 per cent of the sum insured is to be charged for all Kharif crops & 1.5 per cent for Rabi crops. The annual premium for horticultural crops will be 5 per cent of the sum insured.

â€¢ RBI has conveyed to Banks to waive margin/security requirements of agricultural loans upto Rs.1,00,000/-.

To bring small, marginal, tenant farmers, oral lessees, etc. into the fold of institutional credit, Joint Liability Groups (JLGs) have been promoted by banks.